



PAPER – 5: INDIRECT TAX LAWS



QUESTIONS

- (1) All questions have been answered on the basis of position of (i) GST law as amended by the Finance Act, 2023 including significant notifications and circulars and other legislative amendments made, up to 31st October, 2023 and (ii) customs law as amended by the Finance Act, 2023 including significant notifications and circulars and other legislative amendments made, up to 31st October, 2023.**
- (2) Unless otherwise specified, the section numbers and rules referred herein pertain to the Central Goods and Services Tax Act, 2017 and the Central Goods and Services Tax Rules, 2017 respectively.**
- (3) The GST rates for goods and services mentioned in various questions are hypothetical and may not necessarily be the actual rates leviable on those goods and services. The rates of customs duty are also hypothetical and may not necessarily be the actual rates. Further, GST compensation cess should be ignored in all the questions, wherever applicable.**

Case scenario -I

Dhairya Limited, India, a registered supplier under GST in the State of Kerala, is engaged in supplying goods and services. Dhairya Inc., San Francisco, USA, is a subsidiary of Dhairya Limited, India and is engaged in supply of information technology services to customers in USA. Dhairya Limited, India has undertaken following transactions during the month of April:

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Particulars	Amount (₹)
Supplied large paper rolls to Ford Mount School, Bengaluru (Karnataka), for printing of question papers. As directed by the school, Dhairya Limited delivered the paper rolls at a printing press located in Trivandrum, Kerala.	15,00,000
Bond amount recovered from the outgoing Managing Director (residing in Kerala) of Dhairya Limited since he had left the employment before contracted period.	2,50,000
Supplied steel sheets in the territorial waters* to Dhruvank Builders. *Located at a distance of 12 nautical miles from the baseline of Kerala and 15 nautical miles from the baseline of Tamil Nadu.	6,00,000
Received an advance for future supplies of goods from a customer based in Kerala	2,10,000
Received an advance for future supplies of services from a customer based in Kerala	4,90,000
Computer (used for business purpose & on which no ITC has been taken yet) given free of cost to unrelated person based in Kerala [Purchased 2 years' back at a price of ₹ 1,12,100 (including GST). Open market value is ₹ 75,000.]	Nil

Dhairya Limited provided the following additional information for the month of April:

- (i) The company paid the sitting fee of ₹ 6,00,000 to an independent director, based at Cochin, Kerala, for attending meetings.
- (ii) Room charges of ₹ 2,25,000 were paid to Hillwoods Hotel located in Mumbai, Maharashtra for stay of the CEO of the company on a business trip.
- (iii) The company availed the services of an Arbitral Tribunal in Cochin, Kerala to settle a business dispute and paid ₹ 7,00,000.

- (iv) Salary of ₹ 15,00,000 was paid to employees on payroll.
- (v) The company purchased a new machinery from a dealer based in Cochin, Kerala for ₹ 12,00,000. Depreciation has been claimed under the Income-tax Act, 1961 on the same including on all applicable taxes.

In the month of May, Dhairya Limited sent a team of 25 employees to San Francisco for receiving the training in emerging information technologies. The training was given by Dhairya Inc., USA, at its office located in San Francisco. The expenses related to such training were paid by Dhairya Limited to Dhairya Inc., USA.

Further, Dhoom Events Ltd., an event management company, located and registered at Karnataka, had organized a cultural event in the month of May for Dhairya Limited, in Dubai. Dhairya Limited paid a sum of ₹ 10,00,000 to Dhoom Events Ltd. for the same.

Notes –

- (A) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services, wherever applicable.
- (B) All the amounts given above are exclusive of taxes, wherever applicable.
- (C) The opening balance of input tax credit for the relevant tax periods of Dhairya Limited, India is Nil.
- (D) Assume that there is no other outward or inward transaction apart from aforesaid transactions, in the months of April and May.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below:-

1. Which of the following activities/transactions undertaken by Dhairya Limited do not amount to supply?
 - (i) Supply of steel sheets in territorial waters
 - (ii) Computer being used for business purpose given free of cost to unrelated person

(iii) Supply of paper rolls for printing of question papers to Ford Mount Senior Secondary School

(iv) Recovery of bond amount from the outgoing Managing Director

Choose the most appropriate option.

(a) (ii) and (iv)

(b) (ii), (iii) and (iv)

(c) (i), (iii) and (iv)

(d) (i), (ii) and (iii)

2. Which of the inward supplies received by Dhairya Limited in the month of April are taxable under reverse charge?

(i) Services received from the independent director

(ii) Accommodation services received from Hillwoods Hotel, Mumbai

(iii) Services of the Arbitral Tribunal

(iv) New machinery purchased from the dealer based in Cochin

(v) Salary paid to employees on payroll

Choose the most appropriate option.

(a) (ii) and (v)

(b) (ii), (iii) and (iv)

(c) (i), (iii) and (v)

(d) (i) and (iii)

3. Compute the total GST payable on outward supplies before setting off of ITC for the month of April by Dhairya Limited.

(a) CGST - ₹ 1,03,050, SGST - ₹ 1,03,050 and IGST - ₹ 2,70,000

(b) CGST - ₹ 98,100, SGST - ₹ 98,100 and IGST - ₹ 2,70,000

(c) CGST - ₹ 1,35,000, SGST - ₹ 1,35,000

- (d) CGST - ₹ 98,100, SGST - ₹ 98,100
4. Compute the total ITC admissible to Dhairya Limited for the month of April.
- (a) CGST - ₹ 63,000, SGST - ₹ 63,000 and IGST - ₹ 40,500
- (b) CGST - ₹ 1,17,000, SGST - ₹ 1,17,000 and IGST - Nil
- (c) IGST - ₹ 2,74,500
- (d) CGST - ₹ 2,25,000, SGST - ₹ 2,25,000 and IGST - ₹ 40,500
5. Whether GST is applicable on the event organized by Dhoom Events Ltd., Karnataka for Dhairya Limited in Dubai and what is the place of supply in such case?
- (a) GST is applicable and the place of supply is Karnataka.
- (b) GST is applicable and the place of supply is Kerala.
- (c) GST is not applicable and the place of supply is Dubai.
- (d) GST is applicable and the place of supply is Dubai.
6. How shall the amount paid towards the training expenses of employees of Dhairya Limited be treated under the GST law?
- (a) No GST is applicable on the transaction since training was imparted in San Francisco, i.e., a place outside India.
- (b) GST is applicable on the training expenses and is payable as IGST by Dhairya Limited since the place of supply for training services in case of registered person is location of such registered person.
- (c) Dhairya Inc., USA, is required to obtain registration as casual taxable person in India and discharge the GST liability on training expenses in India.
- (d) Dhairya Inc., USA, is required to obtain registration as - online information and database access or retrieval service provider in India and discharge the tax liability on training service.

Case scenario -II

Alpha Cargo Private Limited, a company registered under GST in the State of Rajasthan, is engaged in supplying services of transportation of goods. In addition to its head office registered in Rajasthan, the company has also obtained registration in other States where it is operating as supplier of goods transportation services. During the month of January, following transactions were undertaken:

1. Revenue from service of transportation of goods provided to registered persons is ₹ 70,00,000.
2. Revenue from supply of goods transportation services provided to Dhoop Garments, registered in Rajasthan, for transport of goods to Japan is ₹ 18,10,000.
3. The company paid rent to the local municipal authorities of respective States for its offices located in different States as mentioned below:
 - Rajasthan – ₹ 50,000
 - Maharashtra – ₹ 75,000
 - Delhi – ₹ 25,000
 - Gujarat – ₹ 40,000

The invoice was issued by the local municipal authority in these States to the offices of the company located in respective States.

4. There are 5 independent directors in the company (all based in Rajasthan) and the sitting fees paid to each such director during the month is ₹ 25,000 from the head office of the company.

Out of these directors, Mr. X, a chartered accountant and an independent director of the company, is also a partner in ABC LLP, a chartered accountant firm in Delhi. ABC LLP provided professional services to the company during the month. The LLP has issued an invoice for ₹ 1,50,000 on the head office in the month of January.

Another independent director, Mr. Z, on account of his long-term relationship with Alpha Cargo Private Limited, has provided personal guarantee of ₹ 1 crore to Dhandhan Bank for loan taken by the company

during the month of January. He has not charged any commission or brokerage for the same.

5. The company obtained services of Mr. Y (based in Rajasthan), who is providing agency services for payment of annual road tax payable to the Government for the vehicles owned and operated by the company. Mr. Y issued an invoice amounting to ₹ 10,00,000 on the head office. Such amount includes ₹ 9,50,000 as amount of road tax paid on actual basis and is indicated separately in the invoice and ₹ 50,000 as fee of Mr. Y for said services.
6. The company also paid an amount of ₹ 5,00,000 for an event related to goods transport industry in the State of Rajasthan as sponsorship amount.
7. The company, registered as Goods Transport Agency, has opted for payment of GST on goods transportation services on forward charge basis.

In the month of February, Rajasthan office of the company has following balances available in its electronic cash ledger:

Description	IGST (₹)	CGST (₹)	SGST (₹)	Total (₹)
Tax	25,000	20,000	20,000	65,000
Interest	2,000	3,000	3,000	8,000

All the amounts given in the scenario are exclusive of GST, unless otherwise provided. The opening balance of input tax credit of Alpha Cargo Private Limited for the relevant tax periods is nil. GST is payable (wherever applicable) on all inward and outward transactions in the aforesaid case scenario at the following rates, unless otherwise specified:

- I. Intra-State supply – 9% CGST and 9% SGST
- II. Inter-State supply – 18% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 7 to 11 below:-

7. Total amount of GST payable (before setting off of ITC) by the company including GST payable under reverse charge for the month of January, for all its locations, is:

- (a) ₹ 16,20,000
(b) ₹ 12,60,000
(c) ₹ 13,72,000
(d) ₹ 17,32,500
8. In February, after paying all its dues for the month, Rajasthan office wants to transfer certain amounts using Form GST PMT-09 from its electronic cash ledger to the electronic cash ledger of Orissa office. It wants to transfer:
- (i) from tax (minor head) under IGST (major head) amounting to:
(a) ₹ 12,000 to tax under CGST head and
(b) ₹ 12,000 to tax under SGST head,
of Orissa office, and
- (ii) from interest (minor head) under the major head of:
(a) CGST of ₹ 3,000 to interest under IGST head, and
(b) SGST of ₹ 3,000 to interest under IGST head,
of Orissa office.
- Balance under all the heads in electronic cash ledger of Orissa office is nil at that time. The balance of tax under IGST, CGST and SGST heads of the electronic cash ledger of Orissa office and that of interest under IGST, CGST and SGST heads of the electronic cash ledger of Rajasthan office will be:
- (a) **Tax:** Nil; ₹12,000; Nil and **Interest:** ₹ 2,000; Nil; ₹ 3,000
(b) **Tax:** Nil; ₹12,000; ₹12,000 and **Interest:** ₹2,000; Nil; Nil
(c) **Tax:** Nil; Nil; ₹12,000 and **Interest:** ₹2,000; Nil; Nil
(d) **Tax:** ₹24,000; Nil; Nil and **Interest:** ₹2,000; Nil; ₹3,000
9. The total amount payable to Mr. Y including GST as applicable is _____.
- (a) ₹ 10,00,000

- (b) ₹ 11,80,000
(c) ₹ 11,71,000
(d) ₹ 10,09,000
10. Total input tax credit available to the company at PAN India level is:
(a) ₹ 1,82,700 as IGST
(b) ₹ 3,53,700 as IGST
(c) ₹ 77,850 as CGST, ₹ 77,850 as SGST and ₹ 27,000 as IGST
(d) ₹ 91,350 as CGST and ₹ 91,350 as SGST
11. The value of supply of the service of providing personal guarantee by Mr. Z to Dhandhan Bank for sanctioning of credit facilities to the company is:
(a) Nil since it is not a supply under GST.
(b) Nil. Services provided by a director to a company is deemed as supply, even without consideration, under Schedule I of the CGST Act, 2017. However, since as per RBI Guidelines, no consideration can be paid to the director by the company for providing guarantee, Open Market Value (OMV) of said supply will be zero.
(c) 1% of the amount of the guarantee provided, i.e. ₹ 1 lakh.
(d) 10% of the amount of the guarantee provided, i.e. ₹ 10 lakh.
12. Ms. Paarvati, an Indian resident who was on a visit to USA, returned after 1 year for contesting in assembly elections of her State. She was carrying with her the following items:
(i) Personal effects ₹ 59,000
(ii) Laptop computer ₹ 37,000
(iii) Jewellery - 25 grams (purchased in USA) ₹ 67,000
(iv) Music system ₹ 1,25,000

Compute the customs duty payable by Ms. Paarvati with reference to the Baggage Rules, 2016. Ignore Agriculture Infrastructure and Development Cess.

- (a) ₹ 28,875
- (b) ₹ 54,670
- (c) ₹ 68,915
- (d) ₹ 43,120

13. Sitaram Industries Limited, a registered entity under GST, in the State of Karnataka, is engaged in manufacture and supply of both taxable and exempt goods and services. Following information for the month of October is provided by it:

S. No.	Particulars	Amount (₹)
	OUTWARD SUPPLIES:	
A	Sold an old warehouse building in the State of Karnataka to a retail giant in the same State	30,00,000
B	Supplied 30 laptops over the counter to Mr. Sudhakar, an unregistered buyer, who took it to his residence in Haryana. [Invoice issued to him mentions only his name and State. However, his complete address of Haryana is missing in the invoice.]	12,00,000
	Special boxes for packing of the laptops	1,30,000
C	Provided Direct Selling Agent service to Kumkum Bank, registered in Karnataka	4,00,000
D	Provided pure labour services pertaining to a single residential unit in Mumbai, Maharashtra (otherwise than as a part of residential complex) for erection and installation of renovation works for a client registered in Maharashtra	6,20,000
E	Provided free of cost training in a resort in Puducherry to its agents based in the State of Karnataka on effective use of the products of the company. [Open market value of the said service is	

	₹ 1,00,000. Value of supply of service of like kind and quality is ₹ 1,20,000.]	
F	Interest received on fixed deposits from Sulakshan Bank, registered in Karnataka	2,00,000
	INWARD SUPPLIES:	
G	Received a debit note in respect of inward intra-State taxable supplies received in the financial year 2020-21 for the quantity difference as agreed. These inward supplies were used for all goods manufactured in factory. Date of debit note is 16 th October.	4,00,000
H	Solar panels installed in the factory for providing electricity to be used in factory (Intra-State)	5,00,000
I	Purchased employee uniforms for 1000 employees (Inter-State) [Uniforms worth ₹ 3,00,000 were necessary to ensure the safety of the workers while carrying out the manufacturing activity. Remaining uniforms worth ₹ 4,00,000 were sometimes worn by the employees outside the factory for personal purposes.]	7,00,000

The company provided the following additional information:

- i. In respect of sale of old warehouse building, stamp duty was paid on ₹ 32 lakh.
- ii. The company provided a corporate guarantee of ₹ 2 crores to Laxmi Logistics Limited, its related company having registered office in the State of Karnataka, for loan availed by the latter from Jandhan Bank Ltd., Karnataka.
- iii. The accountant of the company did not claim input tax credit in respect of debit note received for the reason that the original purchase related to earlier years for which ITC claim eligibility was over.

- iv. Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services, except special packing boxes for which the applicable rates of CGST, SGST and IGST are 6%, 6% and 12% respectively.
- v. All the amounts given above are exclusive of taxes, wherever applicable

From the information given above, you are required to compute the eligible ITC available for set off and minimum net GST payable in cash (CGST, SGST or IGST, as the case may be) for the month of October. Provide brief reasons for the treatment of each item.

14. Fortune 365 is an online money gaming platform operating from UAE. It provides its users a platform to play and win money in different games that are available on its portal.

In the month of December, Player A, an unregistered person located in India, deposited an amount of ₹ 10,000 (inclusive of GST) in the master wallet available on the portal of Fortune 365. Subsequently, following transactions were undertaken by Player A in said month:

- i. Player A utilized the amount of ₹ 2,000 from the master wallet towards playing a virtual racing game on the portal. As a winning amount, ₹ 10,000 was credited to the master wallet of Player A.
- ii. On another portal operated by Fortune 365 in the name of Bet 180, Player A placed a bet of face value of ₹ 11,000 on an international wrestling match. The amount of such bet was paid by the master wallet of Player A. However, he lost the bet and hence the bet amount of ₹ 11,000 with applicable taxes was transferred from the master wallet to the bank account of Bet 180.
- iii. Player A transferred the balance amount from the master wallet to his bank account after the aforesaid transactions. Assume all the above transactions to be exclusive of GST unless otherwise specified.
- iv. Rate of GST applicable is 28% (Please ignore the bifurcation of GST amount into CGST, SGST and IGST.)

Based on the information provided above, answer the following questions, providing brief reasons:

- (1) Compute the total GST payable on the aforesaid given transactions.
 - (2) Determine the net amount transferred by Player A to his bank account after the aforesaid transactions.
 - (3) Ascertain whether Fortune 365 is required to obtain registration under GST in India. Will your answer be different if Player A is registered under GST in India?
15. Bindusara commences the business of supplying taxable goods locally within the State of Rajasthan in April. He is not yet registered under GST. As his aggregate turnover reaches ₹ 8 lakh by the end of the month of June, Bindusara starts exploring the option to sell the goods supplied by him within Rajasthan on a popular electronic commerce platform – E-vastustore by listing the goods on the said platform.
- He approaches you for advice on following issues in this regard:
- (A) Bindusara wishes to continue his business without registering under GST since it will enhance the compliance burden under GST law. Can he supply the goods through E-vastustore without obtaining GST registration? You are required to advise him.
 - (B) Discuss the GST implications in case Bindusara supplies goods through electronic commerce platform - E-vastustore.
16. A Ltd. is registered under GST in Rajasthan, Delhi, Haryana and Punjab. Due to closure of business activities in Rajasthan with effect from May 31, 2023, A Ltd. filed an application for cancellation of registration before the jurisdictional tax authorities of Rajasthan. The application for cancellation of registration was filed on June 30, 2023. The registration was suspended with immediate effect from June 30, 2023, by the jurisdictional tax authorities. The final order of cancellation was dated July 31, 2023.
- You are required to advise A Ltd. regarding the last date for filing the final return by it in Rajasthan.
- Further, A Ltd. was also registered as an ISD (Input Service Distributor) in Rajasthan; said registration was cancelled with effect from June 30, 2023 with an order dated July 31, 2023. Advise whether the final return is

required to be filed upon cancellation of ISD registration by A Ltd.? If yes, what is the due date for filing said final return?

17. Zebrex, registered in Delhi, enters into a contract with Shine Ltd., an advertising company, located and registered in Gurugram, Haryana, to arrange the display of an advertisement of Zebrex's newly launched product on a hoarding placed in Marine Drive-Mumbai, Maharashtra for initial 3 months of the launch of the product. Shine Ltd., in turn, enters into a contract with the owner of Seaside Hotel located and registered in Marine Drive-Mumbai, Maharashtra for display of the advertisement on a hoarding placed in the lawn of the hotel. What will be the place of supply of service(s) provided in the given case?
18. Product 'Hexa' was imported by Mr. Narayan by air. The details of the import transaction are as follows:

Particulars	US \$
Price of 'Hexa' at exporter's factory	8,000
Freight from factory of the exporter to load airport (airport in the country of exporter)	500
Loading and handling charges at the load airport	500
Freight from load airport to the airport of importation in India	4,000
Insurance charges	2,000

Though the aircraft arrived on 24th November, the bill of entry for home consumption was presented by Mr. Narayan on 20th November.

The other details furnished by Mr. Narayan are:

	20 th November	24 th November
Rate of basic customs duty	15%	10%
Exchange rate notified by CBIC	₹ 70 per US\$	₹ 73 per US\$
Exchange rate prescribed by RBI	₹ 72 per US\$	₹ 74 per US\$
Integrated tax leviable under section 3(7) of the Customs Tariff Act, 1975	15%	12%

Compute-

- (i) value of product 'Hexa' for the purpose of levying customs duty
- (ii) total customs duty and tax payable

19. Shivansh Ltd. imported a machine from Germany for ₹ 180 lakh during the month of March 2022 on payment of all duties of customs. Due to some technical manufacturing defect the machine was exported (sent back) to supplier for repairs in October 2022. The machine was re-imported without any re-manufacturing or reprocessing in August 2023 after repairs. Since the machine was under warranty period, the repairs were carried out free of cost.

However, the fair cost of repairs carried out (excluding cost of material ₹ 10 lakh) would have been ₹ 5 lakh. Actual insurance and freight charges (to and from) were ₹ 5 lakh (₹ 2.50 lakh each side). The ownership of machinery has not been changed during the period.

You are required to advice Shivansh Ltd. on the concessions (if any) available for importation of the machinery after repairs, also state the conditions to be satisfied for availing such concession.

Also compute the customs duty and integrated tax payable (if any) on the re-import of the machine after repairs.

The rate of basic customs duty is 15% and integrated tax is 12%. Ignore Agriculture infrastructure and development cess.

20. Sudhakar Export House, Madhya Pradesh, is engaged in export of goods to various neighbouring countries. It is keen on becoming a Status Holder and is desirous to know the privileges granted under Foreign Trade Policy (FTP) to various Status Holders. You are required to discuss the same with reference to FTP.



SUGGESTED ANSWERS

Question No.	Answer	
1	(a)	(ii) and (iv)
2	(d)	(i) and (iii)
3	(b)	CGST - ₹ 98,100, SGST - ₹ 98,100 and IGST - ₹ 2,70,000
4	(b)	CGST - ₹ 1,17,000, SGST - ₹ 1,17,000 and IGST - Nil
5	(b)	GST is applicable and the place of supply is Kerala.
6	(a)	No GST is applicable on the transaction since training was imparted in San Francisco, i.e. place outside India.
7	(d)	₹ 17,32,500
8	(a)	Tax: Nil; ₹12,000; Nil and Interest: ₹2,000; Nil; ₹3,000
9	(d)	₹ 10,09,000
10	(c)	₹ 77,850 as CGST, ₹ 77,850 as SGST and ₹ 27,000 as IGST
11	(b)	nil. Services provided by a director to a company is deemed supply, even without consideration, under Schedule I of the CGST Act, 2017. However, since as per RBI Guidelines, no consideration can be paid to the director by the company for providing guarantee, Open Market Value (OMV) of said supply will be zero.
12	(a)	₹ 28,875

13. Computation of eligible ITC and net GST payable by M/s Sitaram Industries Ltd., for the month of October

Particulars	Value	IGST @ 18%	CGST @ 9%	SGST @ 9%
	₹	₹	₹	₹
Outward Supply:				
Sale of old warehouse	Nil	-	-	-

building [Since sale of building is neither supply of goods nor supply of services in terms of para 5 of Schedule III of the CGST Act, 2017, it does not qualify as supply.]				
Supply of laptops [Inter-State supply since place of supply here is the location as per the address of the unregistered recipient (name of the State) recorded in the invoice issued in respect of the supply, viz. Haryana, in terms of section 10(1)(ca) of the IGST Act, 2017. Further, as per section 8(a), supply of laptops with packing is a composite supply, chargeable to tax at the rate applicable to the principal supply (viz. supply of laptops) i.e., 18%.]	13,30,000 [12,00,000 + 1,30,000]	2,39,400	-	-
Direct Selling Agent service [Intra-State supply since place of supply here is the location of recipient, viz. Karnataka, in terms of	4,00,000	-	36,000	36,000

<p>section 12(2)(a) of the IGST Act, 2017.</p> <p>Further, tax will be payable under forward charge since such services are provided by a person other than individual - <i>Notification No. 13/2017 CT(R) dated 28.06.2017.</i>]</p>				
<p>Pure labour servicer</p> <p>[Inter-State supply since place of supply here is the location of immovable property, viz. Maharashtra in terms of section 12(3) of the IGST Act, 2017.</p> <p>Further, services by way of pure labour contracts of erection and installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt in terms of <i>Notification No. 12/2017 CT(R) dated 28.06.2017</i> However, such services in relation to renovation work are not exempt.]</p>	6,20,000	1,11,600	-	-
<p>Free training to agents</p> <p>[Services provided by the company to agents without consideration is not deemed as supply in</p>	1,00,000	-	-	-

terms of para 3 of Schedule-I since only goods supplied by principal to agent are covered therein. Further, such services are also not covered in para 2 of Schedule I as agents are not related persons.]				
Corporate guarantee provided to Laxmi Logistics Limited [Supply of service between related parties even when made without any consideration is deemed supply in terms of Schedule I. Further, value of corporate guarantee, in terms of rule 28(2), will be higher of: (i) 1% of the amount of such guarantee offered, or (ii) actual consideration] (i.e. 1% of ₹ 2 crore) [Circular No. 204/16/2023 GST dated 27.10.2023]	2,00,000	-	18,000	18,000
Interest received on fixed deposits [Services by way of extending deposits, loans	2,00,000	-	-	-

or advances in so far as the consideration is represented by way of interest are exempt vide <i>Notification No. 12/2017 CT (R) dated 28.06.2017</i>				
Gross GST liability [A]		3,51,000	54,000	54,000
Less: ITC available for set off [Refer Note (iii) below]		24,958	16,639	16,639
Net GST payable in cash		3,26,042	37,361	37,361

Notes:

(i) Computation of ITC admissible to Sitaram Industries Ltd. for the month of October

Particulars	Value	IGST	CGST	SGST
	₹	₹	₹	₹
Debit note received [ITC on debit notes issued in a financial year can be availed any time till 30 th November of the succeeding financial year or the date of filing of the relevant annual return, whichever is earlier, irrespective of the date of original invoice/ supply, in terms of section 16(4).]	4,00,000	-	36,000	36,000
Solar panels purchased [ITC cannot be claimed in respect of solar panels, since ITC on goods or services or both received by a taxable person for construction of an immovable property (other than plant and machinery on		-	-	-

his own account including when such goods or services or both are used in the course of furtherance of business is blocked in terms of section 17(5)(d).]				
Uniforms purchased [ITC on the uniforms which are necessary to ensure the safety of the employees while carrying out the business activity, is available. However, uniforms not provided for any safety purpose are construed as being used for personal consumption and thus, ITC thereon is blocked in terms of section 17(5)(d).]	3,00,000	54,000	-	-
Total		54,000	36,000	36,000

(ii) **Computation of common credit attributable to exempt supplies in respect of Sitaram Industries Ltd. for the month of October**

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Common credit on receipt of debit note [Debit note, although received in respect of taxable inward supply, is being used for all goods manufactured in factory which comprises of both taxable and exempt goods.]	--	36,000	36,000
Common credit on purchase of uniforms	54,000		

[Uniforms are being used commonly for manufacturing of both taxable and exempt goods.]			
Common credit attributable to exempt supplies (rounded off) = Common credit x (Exempt turnover during the period / Total turnover during the period) = ₹ 54,000 x ₹ 32,00,000 / ₹ 59,50,000 (IGST) = ₹ 36,000 x ₹ 32,00,000 / ₹ 59,50,000 (CGST/SGST) Exempt turnover = ₹ 32,00,000 and total turnover = ₹ 59,50,000 [Refer note below]	29,042	19,361	19,361

Note: As per explanation to section 17(3), the expression "value of exempt supply" shall not include the value of activities or transactions specified in Schedule III, except, *inter alia*, sale of building subject to clause (b) of paragraph 5 of Schedule II. Further, as per explanation to Chapter V (Input Tax Credit) of the CGST Rules, 2017, for determining the value of an exempt supply as referred to in section 17(3), the value of exempt supply in respect of land and building is the value adopted for the purpose of paying stamp duty.

Further, as per explanation 1 to rule 43, the aggregate value of exempt supplies for the purpose of rules 42 and 43, *inter alia*, excludes the value of services by way of accepting deposits, extending loans or advances in so far as the consideration is represented by way of interest or discount, except in case of a banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances.

Therefore, value of exempt turnover in the given case will be the value of building (₹ 32,00,000).

Total turnover will be sum of value of building (₹ 32,00,000) + supply of laptop (₹ 13,30,000) + supply of Direct Selling Agent service (₹ 4,00,000)

+ supply of pure labour service (₹ 6,20,000) + supply of corporate guarantee (₹ 2,00,000) + interest received on fixed deposits (₹ 2,00,000)
= ₹ 59,50,000

(iii) Computation of ITC available for set off of Sitaram Industries Limited for the month of October

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Common credit on inputs and input services	54,000	36,000	36,000
ITC available in the Electronic Credit Ledger	54,000	36,000	36,000
Less: Common credit attributable to exempt supplies during the tax period [As calculated in Note (ii) above]	29,042	19,361	19,361
ITC available for set off	24,958	16,639	16,639

14. The value of online money gaming related supply shall be determined as per rule 31B. As per said rule, the value of supply of online gaming, including supply of actionable claims involved in online money gaming, shall be the total amount paid or payable to or deposited with the supplier by way of money or money's worth, including virtual digital assets, by or on behalf of the player.

Further, rule 31A provides the manner of determining the value of supply of actionable claim in the form of chance to win in betting. The value for such supply shall be 100% of the face value of the bet.

In accordance with the above provisions:

(1) Total GST payable on given transactions is as follows:

- (i) Value of supply of online money gaming = Total amount deposited with the supplier by the player in terms of rule 31B
= Initial deposit of ₹ 10,000 (inclusive of GST) by Player A

with Fortune 365 after excluding GST = ₹ 7,812.50 (₹ 10,000 × 100/128)

GST payable = ₹ 7,812.50 × 28%

= ₹ 2,188 – [A]

(ii) Value of supply of online bet = 100% of the face value of the bet in terms of rule 31A = ₹ 11,000

GST payable = ₹ 11,000 × 28%

= ₹ 3,080 – [B]

Total amount of GST that would be collected by the Government on the given transactions = [A] + [B] = 5,268 (rounded off)

(2) **Total amount transferred by Player A to his bank account from the master wallet is as follows:**

Particulars	Amount (₹)
Initial Deposit	10,000
Less – GST on deposit	2,188
Less – Payment for virtual racing game	2,000
Add – Winning from virtual racing game	10,000
Less – Payment for bet placed on Bet 180	11,000
Less – GST on the bet place on Bet 180	3,080
Net balance available for transfer	1,732

(3) As per section 24(xia), every person supplying online money gaming from a place outside India to a person in India shall be required to obtain registration on a mandatory basis in India. Accordingly, Fortune 365 being a supplier of online money gaming operating from UAE and supplying services in India shall be liable to obtain registration compulsorily in India. The answer will not change irrespective of the fact that Player A is registered under GST in India or not.

15. (A) Yes, Bindusara can supply goods through E-vastustore without obtaining GST registration.

As per section 24(ix), persons who supply goods and/or services, other than services notified under section 9(5), through such electronic commerce operator (hereinafter referred as ECO) who is required to collect TCS under section 52 is required to obtain registration mandatorily.

However, the persons making supplies of goods through an ECO who is required to collect TCS and having an aggregate turnover in the preceding financial year and in the current financial year not exceeding the threshold limit in accordance with the provisions of section 22(1), are exempted from obtaining registration, vide *Notification No. 34/2023 CT dated 31.07.2023*, subject to the following conditions, namely:

- (i) such persons shall not make any inter-State supply of goods;
- (ii) such persons shall not make supply of goods through ECO in more than one State/Union territory;
- (iii) such persons shall be required to have a PAN issued under the Income-tax Act, 1961;
- (iv) such persons shall, before making any supply of goods through ECO, declare on the common portal:
 - a. their PAN
 - b. address of their place of business and
 - c. State/UT in which such persons seek to make such supply,
which shall be subjected to validation on the common portal;
- (v) such persons have been granted an enrolment number on the common portal on successful validation of the PAN declared above;
- (vi) such persons shall not be granted more than one enrolment number in a State/UT;
- (vii) no supply of goods shall be made by such persons through

ECO unless such persons have been granted an enrolment number on the common portal; and

- (viii) where such persons are subsequently granted registration under section 25, the enrolment number shall cease to be valid from the effective date of registration.

Thus, Bindusara can supply goods through E-vastustore without obtaining GST registration till the time its aggregate turnover does not exceed the threshold limit in accordance with the provisions of section 22(1) thereby complying with the aforesaid conditions.

- (B)** As Bindusara is not required to obtain registration under GST, there shall be no GST implications on the supplies made by him through electronic commerce platform - E-vastustore.

However, the electronic commerce operator - E-vastustore – is required to submit the details of supplies made through it by the unregistered suppliers (including Bindusara) having enrolment number in Form GSTR 8. Further, no tax at source shall be collected by the E-vastustore in respect of such supplies.

- 16.** As per section 45 read with rule 81, every registered person who is required to file a return under section 39(1) and whose registration has been cancelled is required to file a final return electronically in Form GSTR-10 through the common portal. The final return has to be filed within 3 months of the:

- (i) date of cancellation
or
(ii) date of order of cancellation

whichever is later.

Thus, in the given case, final return for Rajasthan registration has to be furnished within three months of the date of order of cancellation of registration (July 31, 2023). Hence, final return has to be filed by A Ltd. on or before October 31, 2023.

Further, since an ISD is not required to furnish return under section 39(1) but under section 39(4), final return is not required to be filed upon

cancellation of ISD registration. Therefore, A Ltd. is not required to furnish final return for ISD registration cancelled.

- 17.** In the given case, two supplies are involved:
- (i) Services provided by Shine Ltd. to Zebrex by way of arranging the display of the advertisement of its newly launched product, and
 - (ii) Services provided by Seaside Hotel to Shine Ltd. by way of placing a hoarding in the lawn of the hotel.

The place of supply in each of the above supplies is as follows:

- (i) As per section 12(2)(a) of the IGST Act, 2017, the place of supply of services, except the services specified in sub-sections (3) to (14) of section 12 of the IGST Act, 2017, made to a registered person is the location of the person receiving the services. Advertisement services provided by Shine Ltd. to Zebrex is not covered in any of the sub-sections of section 12 of the IGST Act, 2017. Therefore, the place of supply shall be determined by the default provision under section 12(2)(a) of the IGST Act, 2017, viz. the location of the recipient.

Thus, the place of supply, in the given case, is the location of Zebrex, i.e. Delhi.

- (ii) In case where there is supply (sale) of space or supply (sale) of rights to use the space on the hoarding/ structure (immovable property) belonging to vendor to the client/advertising company for display of their advertisement on the said hoarding/ structure, the hoarding/structure erected on the land should be considered as immovable structure or fixture as it has been embedded in earth. Further, place of supply of any service provided by way of supply (sale) of space on an immovable property or grant of rights to use an immovable property shall be governed by the provisions of section 12(3)(a) of the IGST Act. Therefore, the place of supply of service provided by way of grant of rights to use the hoarding/ structure for advertising in this case would be the location where such hoarding/ structure is located.

Thus, the place of supply, in the given case, is location of hotel where the hoarding is located, viz. Marine Drive-Mumbai, Maharashtra.

18. Computation of assessable value of product 'Hexa'

Particulars		Amount
Ex-factory price of the goods 'Hexa'		8,000 US \$
Freight from factory of the exporter to load airport (airport in the country of exporter)	500 US \$	
Loading and handling charges at the load airport	500 US \$	
Freight from load airport to the airport of importation in India	<u>4,000 US \$</u>	
Total cost of transport, loading and handling charges associated with the delivery of the imported goods to the place of importation	5,000 US \$	
<i>Add:</i> Cost of transport, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation (restricted to 20% of FOB value) [Note 1]		1,800 US \$
Insurance (actual)		<u>2,000 US \$</u>
CIF for customs purpose		11,800 US \$
Value for customs purpose		11,800 US \$
Exchange rate as notified by CBIC [Note 2]		₹ 70 per US \$
		Amount (₹)
Assessable value (₹ 70 x 11,800 US \$)		8,26,000
<i>Add:</i> Basic customs duty @ 10% [Note 3]		82,600

Add: SWS @ 10%	8,260
Value for the purpose of levying integrated tax [Note 4]	9,16,860
Add: Integrated tax @ 12%	1,10,023.20
Total duty & tax payable (rounded off)	2,00,883

Notes:

- (1) In the case of goods imported by air, the cost of transport, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation shall not exceed 20% of the FOB value of the goods [Fifth proviso to rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007].

FOB value in this case is the ex-factory price of the goods (8,000 US \$) plus the cost of transport from factory to load airport (500 US \$) plus loading and handling charges at the load airport (500 US \$) which is 9,000 US \$.

- (2) Rate of exchange as notified by CBIC on the date on which bill of entry is presented under section 46 of the Customs Act, 1962 is to be considered [Clause (a) of the explanation to section 14 of the Customs Act, 1962].
- (3) Section 15 of the Customs Act, 1962 provides that rate of duty shall be the rate in force on the date of presentation of bill of entry or the rate in force on the date of arrival of aircraft, whichever is later.
- (4) Integrated tax is levied on the sum total of the assessable value of the imported goods and customs duties [Section 3(8) of the Customs Tariff Act, 1962]. Social Welfare Surcharge (SWS) leviable on integrated tax has been exempted.

19. As per Notification No. 45/2017 Cus. dated 30.06.2017, duty payable on re-importation of goods which had been exported for repairs abroad is the duty of customs which would be leviable if the value of re-imported goods after repairs were made up of the fair cost of repairs carried out

including cost of materials used in repairs (whether such costs are actually incurred or not), insurance and freight charges, both ways. However, following conditions need to be satisfied for availing this concession:

- (a) goods must be re-imported within 3 years, extendable by further 2 years, after their exportation;
- (b) exported goods and the re-imported goods must be the same;
- (c) ownership of the goods should not change.

Since all the conditions specified above are fulfilled in the given case, the customs duty payable on re-imported goods will be computed as under:

Particulars	₹
Value of goods re-imported after exports [Cost of materials ₹ 10 lakh + fair cost of repairs ₹ 5 lakh + actual insurance and freight Rs. 5 lakh]	20,00,000
Add: Basic customs duty @ 15% (A)	3,00,000
Add: Social Welfare Surcharge @ 10% on ₹ 3,00,000 (B)	<u>30,000</u>
Value for computing integrated tax	23,30,000
Integrated tax @ 12% (₹ 23,30,000 x 12%) - (C)	2,79,600
Customs duty and integrated tax payable [(A) +(B)+ (C)]	6,09,600

20. Status holders are eligible the following privileges under FTP:
- (a) Authorisation and custom clearances for both imports and exports on self-declaration basis.
 - (b) Fixation of Input Output Norms on priority i.e., within 60 days by Norms Committee.
 - (c) Exemption from compulsory negotiation of documents through banks. Exception are remittance/ receipts.

- (d) Exemption from furnishing of Bank Guarantee in Schemes under FTP unless otherwise specified.
- (e) Two Star Export Houses and above are permitted to establish export warehouses as per the guidelines of Department of Revenue.
- (f) Manufacturers who are also status holders (Three Star/Four Star/Five Star) will be enabled to self-certify their manufactured goods (as per their Industrial Entrepreneurs Memorandum (IEM) / Industrial License (IL) /Letter of Intent (LOI)) as originating from India with a view to qualify for preferential treatment under specified agreements.
- (g) Status holders shall be entitled to export freely exportable items on free of cost basis for export promotion subject to a specified annual limit.
- (h) The status holders would be entitled to preferential treatment and priority in handling of their consignments by the concerned agencies.